

## PROFESSIONAL SERVICES

Professional Services provide technical expertise in the planning and design phase, or construction engineering and inspection phase of a project. Specialists that may be engaged include architects, engineers, and landscape architects, among others.

**POLICY:** Requirements for Professional Services (architecture and engineering) must be publicly announced, acquired on the basis of **qualifications**, and engaged at a fair and reasonable price. All consultants and subconsultants used by a LGA must be prequalified by NCDOT. NCDOT must also review and concur with the solicitation, selection, and negotiation of a scope of work and cost proposal as well as the LGA's use of in-house staff.

Only Professional Services activities that directly contribute to the planning, design, development, implementation, or construction administration of the project are eligible for Federal-aid participation.

- For Design and Planning, PE must be an eligible expense in the agreement
- For Construction Engineering and Inspection (CEI)/Contract Administration, construction must be an eligible expense in the agreement.

Professional Engineering Firms must be pre-qualified by NCDOT. Information on pre-qualification can be found at <https://connect.ncdot.gov/business/Prequal/Pages/default.aspx>

- **Professional Services Associated with Preliminary Engineering:**  
Conceptual plans, planning or environmental studies, preliminary design, final design, and all other related design work necessary to advance a project to physical construction. Examples include preparation of surveys, environmental documents, plans, specifications, and estimates, and construction proposals.

For projects that do not result in physical construction, this includes activities that are necessary for the development or implementation of the project. Examples include developing or preparing safety programs, feasibility studies, conceptual studies, or other planning documents.

- **Professional Services Associated with Right-of-Way**  
All work associated with acquisition of property interests needed for the project. Examples include preparation of right-of-way plats, appraisals for parcel acquisitions, review of appraisals, preparation for and trial of condemnation cases, and furnishing of relocation advisory assistance.

**NOTE: If ROW is not an eligible expense, then these Professional Services related to ROW would also not be an eligible expense.**

- **Professional Services Associated with Construction**  
Supervision and inspection of construction activities; additional staking functions considered necessary for effective control of the construction operations; testing

materials incorporated into construction; checking shop drawings\*; and measurements needed for the preparation of pay estimates.

\*This activity would be the responsibility of the Engineer of Record.

**IMPORTANT:** Professional Services associated with Construction are reimbursable under the Construction phase and solicitation may occur prior to construction funding authorization; however, the LGA should not execute a contract with the selected consultant until funding authorization is obtained.

**IMPORTANT:** NCDOT prohibits the same firm from undertaking design and construction administration on a project. An LGA must request an exemption from NCDOT policy to allow the design firm to submit qualifications to perform construction administration. See [Construction Administration](#) for more information.

## **PROCUREMENT OF ARCHITECTURE OR ENGINEERING SERVICES ONLY (A/E)**

If an LGA engages outside professionals in the planning, design and administration of the project, the LGA must follow state and federal regulation. All procurement for professional services funded by federal-aid is governed by “Administration of Engineering and Design-Related Service Contracts” (23 CFR 172) and NCDOT’s *Policy and Procedures for Major Professional or Specialized Services Contracts*.

Professional Engineering Firms must be pre-qualified by NCDOT before submitting a proposal. Information on pre-qualification can be found at <https://connect.ncdot.gov/business/Prequal/Pages/default.aspx>

To identify whether a firm is already pre-qualified, visit the NCDOT homepage then click “Business”. On the left hand side is a link for the Directory of Transportation Firms.

Firms must also have a certified overhead rate in compliance with Federal Acquisition Regulations, Part 31. Pre-qualification by NCDOT does not necessarily mean that the overhead rate has been certified. NCDOT’s External Audit Branch will review and comment on all cost proposals to include review of rates and payroll.

## **PROCEDURES**

- I. PREPARATION OF REQUEST FOR LETTERS OF INTEREST (RFLOI)
  - A. Prepare Draft Request for Letters of Interest (RFLOI) and choose either Design or CEI. Templates available here:  
<https://connect.ncdot.gov/municipalities/Funding/Pages/default.aspx>
  - B. Upload in Project Management Tool under approved agreement. Allow 2 weeks for comment.
  - C. Address/Revise per comments.

Do not proceed with the next step until you have written notification from the Department.

## II. SOLICITATION & SELECTION OF PEF

- A. Advertise, announce, or otherwise publicly notify all requirements for services. The NCDOT website is available for posting an RFLOI.\*
- B. Select most qualified firm to undertake the work. Ensure all consultants are pre-qualified by NCDOT in the work codes advertised.
- C. Submit Letter from LGA requesting review of PEF Selection. Template available here: <https://connect.ncdot.gov/municipalities/Funding/Pages/default.aspx>

NOTE: Schedule a Scoping Meeting with NCDOT staff if the anticipated cost of the consultant contract will be greater than \$100,000, or the scope of work is complex.

- Scoping Meeting will include staff from Planning and Roadway Design.
  - The meeting is intended to assist the LGA (if necessary) with clearly defining the expectation of NCDOT, so that the LGA can successfully negotiate tasks and activities with the consultant.
- D. Project Manager will provide concurrence letter for selection and advise on initiation of negotiation.

## III. REVIEW OF CONSULTANT'S ESTIMATE

- A. Request cost proposal from consultant
  - Design/Planning: use "Kitchen Sink" Estimate Spreadsheet - [https://connect.ncdot.gov/projects/Roadway/Private%20Engineering%20Firm%20Resources/A\\_KITCHEN%20SINK--Scope%20and%20Manday%20Estimate%20Form%20\(ALL%20DISCIPLINES\).xslm](https://connect.ncdot.gov/projects/Roadway/Private%20Engineering%20Firm%20Resources/A_KITCHEN%20SINK--Scope%20and%20Manday%20Estimate%20Form%20(ALL%20DISCIPLINES).xslm)
  - Construction Engineering/Inspection & Contract Administration: use CEI Spreadsheet - [https://connect.ncdot.gov/projects/Roadway/Private%20Engineering%20Firm%20Resources/CEI%20\(and%20VARIOUS\)%20TECHNICIANs'%20SCOPE%20and%20ESTIMATE%20Form.xslm](https://connect.ncdot.gov/projects/Roadway/Private%20Engineering%20Firm%20Resources/CEI%20(and%20VARIOUS)%20TECHNICIANs'%20SCOPE%20and%20ESTIMATE%20Form.xslm)
- B. Upload cost proposal to Project Management Tool (or submit via e-mail for projects outside of Tool)
- C. Department will review tasks, man-hours, and rates and may request revisions. Once comments are received from the Department, negotiate as allowed and finalize cost estimate. Submit for final review.

**NOTE: If negotiations fail, release the firm, and repeat the process beginning at step 5 with next most-qualified firm. Repeat this process until a successful contract has been executed.**

#### IV. REVIEW OF CONSULTANT CONTRACT

- A. Once Cost Estimate is finalized, submit a draft copy of the PEF contract to Program Manager (upload through Project Management Tool, or submit via e-mail for projects outside of Tool).
  - Find Standard Contract Provisions on LPMO website
  - Payment Terms: Lump Sum (Design/Planning) and Cost Plus (CEI)
- B. Department will review contract and ensure appropriate payment terms and contract provisions are included

\*If expected cost of consultant contract is less than \$50,000, then the LGA does not need to formally advertise the proposed work; instead, the LGA should target a pool of 5 – 6 pre-qualified consultants, and request letters of interest. All other steps will be followed.

**IMPORTANT: Although procurement under North Carolina General Statute 143-64.31 allows Local Governments to exempt themselves from qualifications-based selection process for any project in their discretion, federal regulations and NCDOT policy do not allow this. As such, LGAs must procure these services on a qualification-based selection process.**

*NOTE: Based on Departmental records, the average time from the point of PE funding authorization to execution of a consultant contract is 8 months. Please factor this into your overall schedule.*

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#### IN-HOUSE STAFF

Federal funds may be used to reimburse direct costs of salaries, wages, and related payroll expenses of LGA employees, but only for those costs incurred when the LGA's employees are directly engaged in eligible activities. Related payroll costs include travel, transportation, leave, holidays, social security, retirement, and other payroll benefits. Federal funds may also participate in the associated indirect costs – contact External Audit for Guidance.

**NOTE:** This does not include services of LGA staff that perform general administrative work. For example, attendance at project meetings by managers, technicians, or administrative staff not directly involved in the development or implementation of the project would not be eligible.

### ***PROCEDURE (In-House Staff)***

1. Submit a letter to NCDOT requesting the use of in-house staff to undertake a specified scope of work, document staff qualifications, staff time, wage rates and proposed equipment usage to show an estimate of costs:
  - Staff time (hours) for each phase of the work (e.g., survey, design, inspection, etc.). Staff time should be estimated separately for individual employees or classifications of employees.
  - Wage rates for each employee or classification of employee. Include supporting documentation that shows how the wage rates were calculated, including any payroll expenses that are part of the wage rate, such as IPERS, FICA, employee benefits, or other related payroll expenses.
  - Equipment usage and other design-related costs. Include supporting documentation to show how the estimated costs or cost rates were determined. Examples include: estimated CADD hours and rate, vehicle miles and rate, outside printing costs, etc.
2. NCDOT will respond in writing as to whether the decision to undertake this work in-house is acceptable.

### ***RESOURCES:***

Templates can be found at: <https://connect.ncdot.gov/municipalities/Funding>

- Template: Request for Letters of Interest (RFLOI) – design or CEI
- Template: Letter from LGA Requesting Review of PEF Selection
- [40 USC 1101, et seq.](#) – Selection of Architects and Engineers
- [23 CFR 172](#) – Administration of Engineering and Design Related Service Contracts
- FHWA Program Administration – [Consultant Services](#)
- FHWA Essentials for Local Public Agencies—Consultant Overview: <http://www.fhwa.dot.gov/federal-aidessentials/catmod.cfm?id=14>
- [NCGS 143](#), Article 3D – Procurement of Architectural, Engineering and Surveying Services
- [2 CFR 200.317-326](#) Uniform Administrative Act – Procurement Requirements
- NCDOT *Policies and Procedures for Major Professional or Specialized Services Contracts* – click link below and look under Guidelines: <https://connect.ncdot.gov/projects/Roadway/Pages/Private-Engineering-Firm-Resources.aspx>

- External Audit Requirements – click link below and look under Forms:  
<https://connect.ncdot.gov/projects/Roadway/Pages/Private-Engineering-Firm-Resources.aspx>